



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
REAL ESTATE APPRAISER COMMISSION
500 JAMES ROBERTSON PARKWAY, SUITE 620
NASHVILLE, TENNESSEE 37243
615-741-1831**

**January 14, 2008
Room 640, Davy Crockett Tower**

The Tennessee Real Estate Appraiser Commission met January 14, 2008, at 9:45 a.m. in Nashville, Tennessee, at the Davy Crockett Tower in Room 640. Chairman William R. Flowers, Jr. called the meeting to order, and the following business was transacted.

COMMISSION MEMBERS PRESENT

William R. Flowers, Jr.
James E. Wade, Jr.
Herbert Phillips
Marc Headden
John Bullington
Kenneth Woodford
Dr. Edward A. Baryl

COMMISSION MEMBERS ABSENT

Jason West

STAFF MEMBERS PRESENT

Nikole Avers, Administrative Director
Wayne Pugh, Staff Attorney
Angie Stephens, Administrative Assistant

ADOPT AGENDA

Mrs. Avers requested an addition to the agenda of Lisa Kaye Ferguson under the applicant conferences part of the agenda. The commission voted to adopt the agenda with the amendment of the addition of Lisa Ferguson. Mr. Headden made the motion to accept the agenda and it was seconded by Mr. Wade. Motion carried unopposed.

MINUTES

The November 2007 minutes were reviewed. Mr. Phillips made the motion to accept the minutes as written. It was seconded by Mr. Woodford. Motion carried unopposed.

GENERAL BUSINESS

Interpretation of Rule pertaining to Non-reciprocal Applicants

Ms. Avers requested clarification on the 2008 rules regarding applicants from non-reciprocal states. She asked if credentialed appraisers from other states that had education that was not on the approved course list for Tennessee and did not have course approval prior to 2008 could be considered under the 2007 rules if the education was previously completed or if those applicants would be considered under the 2008 rule only. Mr. Bullington made the recommendation that non-reciprocal applicant be considered on the 2008 rule only. Mr. Phillips seconded that motion. The motion carried unopposed.

Education Committee Report

Dr. Edward Baryla stated that all of the continuing education courses listed were recommended for approval except the course by ASFMRA called "**ASFMRA 78th Annual Convention**" because not all modules are appraisal related. He further stated that for Individual course approval he recommended for the request by William Rooker for the IAAO course "Assessment Administration" only half of the thirty (30) hours requested because it appeared that only half of the course content was appraisal related. He recommended approval for only fifteen (15) hours for that course. Dr. Baryla recommended denying approval of the courses requested by Robert Curry taken at Resource Education, LLC. He stated that if the applicant submitted the 2008 course matrix for these courses that this matter could be reconsidered. He recommended approval of the requests by Danny Taylor and Laura Marsh as they submitted all required information for course approval. Mr. Phillips made the motion to accept the recommendation and Mr. Bullington seconded that motion. The motion carried unopposed. The following are the courses, instructor and individual course approvals from the education report:

EDUCATION COMMITTEE REPORT

January 14, 2008

Course Name	Course Number	Course Name	Instructors	Hrs.	Type
AndMar Education	1151	On-Line Income Approach an Overview	Mel Black	7	CE
AndMar Education	1152	On-Line Introduction to Commercial Appraisal	Mel Black	3.5	CE
AndMar Education	1153	On-Line Sales Comparison Approach	Mel Black	7	CE
AndMar Education	1154	On-Line Residential Cost Approach	Mel Black	7	CE
AndMar Education	1157	On-Line Mortgage Fraud: A Dangerous Business	Mel Black	7	CE

AndMar Education	1158	On-Line FHA & VA Appraisal Basics	Mel Black	7	CE
Appraisal Institute	1159	An Introduction to Valuing Green Buildings	Theddi Chappell/Timothy Lowe	7	CE
ASFMRA	1160	ASFMRA 78 th Annual Convention	Various	Denied	Denied
ASFMRA	1161	Dairy Facility Appraising A Moving Target	Randy Edwards/David Garcia	16	CE
McKissock, Inc.	1156	On-Line Mortgage Fraud: Protect Yourself	Daniel Bradley	7	CE
McKissock, Inc.	1164	On-Line Environmental Issues for Appraisers	Alan Simmons	5	CE

Individual Course Approval

Name	License #	Course Provider	Course Name	Hrs.	Type
William Rooker	496	IAAO	Assessment Administration	15 Only	CE
Robert Curry	For Licensing in Tennessee National Registry Attached	Resource Education LLC	R/G 101 Principles & Procedures of Real Estate Appraisal & Single Family Residence	Denied	QE
Robert Curry		Academy of Real Estate Education Inc.	ABII/ABIIIB Residential Appraisal (FREAB Precertification)	Denied	QE
Robert Curry		Resource Education LLC	R/G 240 Small Residential Income Property Valuation	Denied	QE
Robert Curry		Resource Education LLC	S-220 USPAP	Denied	QE
Danny Taylor	444 (To be retroactive for Trainee Application)	IAAO	Principles & Techniques	30	CE
Laura Marsh	4277 (To be retroactive for Trainee Application)	America's Real Estate Academy Inc.	15 Hour National USPAP	15	QE

Applicant Conferences

Cynthia Truitt submitted a letter to request an extension of her application approval of her experience. She stated in her letter that because she had let her registered trainee status expire, she had lost credit for passing the examination. She had now renewed her trainee status but now her application to upgrade had expired. Ms. Avers had told her that she could request an extension on that approval, in writing, by the Commission. This letter was to serve as that request. Mr. Bullington made the motion to recommend approval of his trainee application. Mr. Wade seconded the motion. The motion carried unopposed.

Terrence John Peacock submitted an application for trainee registration and had checked yes to a character question on the application. Mr. Peacock was arrested for the offense of driving under the influence on June 26, 2004. He pled guilty on January 18, 2005. He attended/completed the required 72 hour DUI prevention school and paid required fines. He stated that it was shortly after his twenty-first birthday and he had a blood alcohol content of 0.114. Mr. Headden asked if he was currently in good standing. Mr. Peacock stated he was and regretted the incident. Mr. Headden made recommendation to grant his application request. Mr. Phillips seconded the motion. The motion carried unopposed.

Lisa Kaye Ferguson, made application for a reciprocal license for certified residential appraiser. Ms. Ferguson had checked yes to character question 3 on the application for contributing to the delinquency of a minor in 2004 and reckless endangerment. She received twelve months of probation for both matters. She stated to the Commission that she was taking her son and his friends to play paintball in Forte Payne and the boys had been shooting bb guns that morning. She said the boys had taken the bb guns in the car with them and one of the boys fired the bb gun out the window of the car. She was pulled over a couple of miles down the road. She said that someone had called the cops. She stated she paid court fees and was given probation, which has ended. Mr. Wade made the motion to accept the application request of Ms. Ferguson. Mr. Bullington seconded the motion. The motion carried unopposed.

Experience Interviews

Jeffrey M. Love, made application to upgrade from registered trainee to certified residential appraiser. Mr. Headden was the reviewer and recommended approval. Mr. Wade made the motion to accept the recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

Kathy Lynn Baker, made application to upgrade from registered trainee to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

Brad Faucett, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

David N. Powell, made application to upgrade from licensed appraiser to certified residential appraiser. Mr. Phillips was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

Sara A. Tate, made application as an out of state certified residential appraiser to certified residential appraiser credential in Tennessee. Mr. Phillips was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Wade seconded the motion. The motion carried unopposed.

Charles Hooven, made application to upgrade from registered trainee to certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Woodford made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Hugh R. Wetzel, made application to upgrade from registered trainee to certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Woodford made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Stephen L. Smith, made application to upgrade from a licensed appraiser to certified residential appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Woodford made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Thomas David Johnson, made application to upgrade from registered trainee to a licensed appraiser. Mr. Flowers was the reviewer and recommended approval. Mr. Woodford made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Marilyn Edwards, made application as an out of state certified residential appraiser to certified residential appraiser credential in Tennessee. Mr. Wade was the reviewer and recommended approval. Mr. Philips made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Robert E. Curry, made application as an out of state certified residential appraiser to certified residential appraiser credential in Tennessee. Mr. Wade was the reviewer and recommended approval of the experience request. Mr. Philips made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Mickey Ethridge, made application to upgrade from registered trainee to certified residential appraiser. Mr. Wade was the reviewer and recommended that an extension be granted on the application of Mr. Ethridge and that his experience request be granted approval. He stated that a complaint had been filed against this applicant and the supervisor, but the matters had since been resolved. He stated the recent appraisals submitted by Mickey Ethridge appeared satisfactory for experience credit. Mr. Philips made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Stacey Bryan Williams, made application to upgrade from registered trainee to a licensed appraiser. Mr. Wade was the reviewer and recommended approval. Mr. Philips made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Stanley K. Bell, made application to upgrade from a registered trainee to certified residential appraiser. Mr. Woodford was the reviewer and recommended approval. Mr. Wade made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Christopher Williams, made application to upgrade from a registered trainee to certified residential appraiser. Mr. Woodford was the reviewer and recommended approval. Mr. Wade made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

Paul W. Marshall, made application to upgrade from a registered trainee to certified residential appraiser. Mr. Woodford was the reviewer and recommended approval. Mr. Wade made the motion to accept the recommendation and Mr. Headden seconded the motion. The motion carried unopposed.

John Bryant Alsobrook, made application to upgrade from registered trainee to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

Elizabeth M. Sykes, made application to upgrade from registered trainee to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

Clarence "Joe" Verneuil, made application to upgrade from registered trainee to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

Marjorie Kay Lane, made application to upgrade from registered trainee to certified residential appraiser. Mr. Bullington was the reviewer and recommended approval. Mr. Headden made the motion to accept the recommendation and Mr. Woodford seconded the motion. The motion carried unopposed.

TREAC POLICY REVIEW

Ms. Avers presented the policy review to the Commission members of the current policies posted on the Real Estate Appraiser Commission website to be updated for 2008. Policies were reviewed and voted on one matter at a time.

1. A guest registry will be available at all meetings. Guests will be asked to sign the registry upon entering the meeting room.
 - Ms. Avers stated this policy is unnecessary and recommended its removal. Mr. Woodford made a motion to remove this as a policy but recommended continuing to do so as an office practice. Mr. Headden seconded the motion. The motion carried unopposed.
2. The Tennessee Real Estate Appraiser Commission strictly construes Rules 1255-2-.03 to mean that a course "taken more than once" shall mean a course of the same name and subject matter taken more than once, and a "repeated course" shall mean a course including substantially similar subject matter, whether or not the course has the same name.
 - Ms. Avers stated this policy need revision to include the proper rules reference of 1255-2.2 and 1255-2-.12. Mr. Phillips made a motion to accept staffs recommendation. Mr. Headden seconded the motion. The motion carried unopposed.
3. The Commission may include in a Consent Order to a licensee who has violated USPAP, that the licensee retake the Standards course from a different course provider and/or submit a log of appraisal work. The Commission may grant the licensee continuing education credit for retaking the Standards course.
 - Ms. Avers stated this policy is unnecessary and recommended its removal. Mr. Wade made a motion to accept staffs recommendation. Mr. Phillips seconded the motion. The motion carried unopposed.
4. The Commission may grant a maximum of fifty percent (50%) of the required continuing education hours from teaching a course or courses. However, the Commission shall only grant a licensee credit once for the same course taught more than once during the licensee's renewal period.
 - Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-1-.13 (g) and recommended its removal. Mr. Wade made a motion to accept staffs recommendation. Mr. Headden seconded the motion. The motion carried unopposed.
5. In the event that there is a pending complaint against a licensee, a new application made by that licensee or in connection with that licensee shall not be processed until such time as the complaint has been reviewed by the Commission.
 - Ms. Avers stated this policy is useful and no revision was necessary.
6. As a prerequisite to renewal of a reciprocal real estate appraiser license or certificate, the nonresident license or certificate holder shall submit a notarized statement, signed by the

appraiser, indicating that he or she is in good standing in the jurisdiction of resident or reciprocal licensure or certification.

The nonresident appraiser should also submit to the Commission a copy of his or her renewed and/or current license issued by the resident or reciprocal licensure or certification.

The above shall constitute proof that the license or certificate holder has met all continuing education requirements in the resident or reciprocal jurisdiction. Such proof will be sufficient to show that the appraiser has sufficiently complied with all Tennessee continuing education requirements.

- Ms. Avers stated this policy needed revision to delete the last paragraph as it was inconsistent with renewal requirements. Licensees must submit copies of the 28 hours of continuing education used for renewal purposes. Mr. Woodford made a motion to remove the last paragraph of the policy. Mr. Phillips seconded the motion. The motion carried unopposed.
7. The trainee shall complete at least fifty percent (50%) of the work, including the valuation process, associated with the appraisal in order to obtain experience credit for the report.
 - Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-3-.01 and recommended its removal. Mr. Phillips made a motion to accept staffs recommendation. Mr. Wade seconded the motion. The motion carried unopposed.
 8. Prior to approval of appraisal experience, all applicants for initial or upgraded licensure or certification must attend an informal experience review with one or more members of the Commission to ensure compliance with the Uniform Standards of Professional Appraisal Practice and obtain any other necessary information not apparent from the application. Any trainee, after completing 500 hours of experience, may request an additional preliminary interview to discuss his or her experience.
 - Ms. Avers stated this policy is useful and no revision was necessary.
 9. Generally, all complaints considered by the Commission shall be made in writing and shall be signed by the Complainant. However, the Commission may consider anonymous complaints provided that they are accompanied by information which the Commission may rely upon as a factual basis of the complaint. Such information may include a copy of the subject appraisal report and/or comments indicating the alleged violations.
 - Ms. Avers stated this policy is useful and no revision was necessary.
 10. Pursuant to the Uniform Standards of Professional Appraisal Practice, Ethics Rule, adopted by the Commission (Rule 1255-5-.01 [UNIFORM STANDARDS OF APPRAISAL PRACTICE]), a real estate appraiser must perform all assignments with impartiality, objectivity, and independence, and without accommodation of personal interests. In furtherance of this requirement, when in public service as a member of the Tennessee

Real Estate Appraiser Commission, the Commission member shall not participate in considerations of actions with respect to services provided by the Commission member, or a member of his or her firm in private professional practices, nor shall the Commission member review or otherwise participate in considerations or actions with respect to services provided for any federal, state, or local governmental agency action if the Commission member has or intends to provide appraisal services in connection with such action.

- Ms. Avers stated this policy is unnecessary as it is covered by the Ethic Rule of USPAP and the conflict of interest form that must be signed by all Commission members. She recommended the removal of this policy. Mr. Phillips made a motion to accept staffs recommendation. Mr. Headden seconded the motion. The motion carried unopposed.

11. The Commission shall notify an applicant in writing within ninety (90) days after receiving the application of the status of that application, e.g., whether the application has been approved, denied, recommended for remedial education, requires additional information or requires some additional time to be reviewed and the reason(s) for the delay.

- Ms. Avers stated this policy is unnecessary as it is an office policy not a Commission Policy. She recommended the removal of this policy. Mr. Wade made a motion to accept staffs recommendation. Mr. Bullington seconded the motion. The motion carried unopposed.

12. Fourteen (14) hours of continuing education may be granted for distance (Internet) education for each licensee renewal period. These courses must be pre-approved by the Commission. The remaining fourteen (14) hours of education must be obtained in a classroom setting. No exam is required. Proof of completion must be supplied by the course provider to the licensee and submitted by the licensee upon renewal.

- Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-2-.04 (a) and recommended its removal. Mr. Phillips made a motion to accept staffs recommendation. Mr. Woodford seconded the motion. The motion carried unopposed.

13. Rule 1255-1-12(4) authorizes a \$100 late fee for renewals not received at least thirty (30) days prior to the expiration of the license or certificate holder's license. The Commission, on a case-by-case basis, may provide for a waiver of the late fee based upon extraordinary circumstances.

- Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-1-.11 (4) and 1255-1-.12 (6) and recommended its removal. Mr. Phillips made a motion to accept staffs recommendation. Mr. Wade seconded the motion. The motion carried unopposed.

14. A registered trainee who takes the licensed appraiser or certified residential real estate appraiser examination prior to receiving all of the experience required for the licensed appraiser or certified residential classification must be certified within twenty-four (24) months of the passing examination date.
- Ms. Avers requested the Commission revisit this policy at the next Commission meeting.
15. Distance education courses must have either been approved through the AQB or the course design and delivery mechanism approved through the International Distance Certification Center (IDECC).
- Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-2-.04 (3) and recommended its removal. Mr. Wade made a motion to accept staffs recommendation. Mr. Headden seconded the motion. The motion carried unopposed.
16. All USPAP courses taken after April 19, 2004 must be the National USPAP course or its equivalent as approved by the AQB.
- Ms. Avers stated this policy is unnecessary as it is now covered by rule 1255-4-.01 (2) and recommended its removal. Mr. Headden made a motion to accept staffs recommendation. Mr. Woodford seconded the motion. The motion carried unopposed.
17. In cases where an applicant may be required to appear before the Commission because they have answered "yes" to question number three (3) on the character information page of their application, and the offense is five (5) years old or older, and the offense does not fall under T.C.A. §62-39-326(3) or (4), the Administrative Director of the Tennessee Real Estate Appraiser Commission is authorized to approve any appraiser application in house without presentation to the Commission. The Administrative Director in his/her discretion may present applications and/or applicants to the Commission for approval.
- Ms. Avers stated this policy is useful and no revision was necessary.
18. In cases where a Respondent is scheduled for a settlement conference, legal counsel to the Commission is authorized to conduct the settlement conference in reference to all complaints that have been filed against that Respondent, regardless of whether all of the complaints have yet been presented to the Commission.
- Ms. Avers stated this policy is unnecessary and recommended its removal. Mr. Phillips made a motion to accept staffs recommendation. Mr. Woodford seconded the motion. The motion carried unopposed.
19. An applicant's experience requirement begins the date the person was registered as a trainee or licensed/certified. The minimum total monthly experience requirement shall end

no sooner than twenty-four (24) months from that date for applicants for licensed appraiser or certified residential appraiser and thirty (30) months for applicants for certified general appraiser. Completion of this requirement will be reviewed based on the time the applicant was registered, licensed or certified.

- Ms. Avers stated this policy was new from the December 10, 2007 Commission meeting.

Recommended Additional Policies

1. Applicants or individuals/groups with matters to be included in the Real Estate Appraiser Commission Meeting Agenda must have requests or applications and all additional information required as part of the application process (such as appraisal reports or court documentation) into the Real Estate Appraiser Commission office at least twenty (20) days prior to the next scheduled Commission meeting. This is necessary to allow staff and Commission member's sufficient time to prepare for the matters on the upcoming meeting Agenda.
2. Persons or groups wishing to address the Commission during a Real Estate Appraiser Commission meeting must either be on the scheduled agenda or must make request to the Chairperson of the Real Estate Appraiser Commission for consideration of the request to address the Commission. Only if the Chairperson grants the request or a majority of the Commission members vote to revise the agenda may a person or group address the Commission.
3. Reciprocal applicants that move to Tennessee and establish residency shall meet all required education, experience and examination requirements if they apply for upgrade of licensure/certification.
4. The Real Estate Appraiser Commission office does not maintain copies of education credit letters for registrants/licensees. All registered trainees and licensed/certified appraisers are expected to maintain the original copy of their qualifying and continuing education. Please send only copies of education letters to the Commission office when renewing or upgrading a license or registration.

Ms. Avers presented the other additional policies number one through four (1-4) above for possible consideration at the next Commission meeting.

LEGAL REPORT

The following Consent Orders were presented to the Commission for consideration of approval.

Lori Holcomb – signed Consent Order agreeing that she violated USPAP Competency Rule, Record Keeping Rule, Standards Rule 1-1, Standards Rule 1-4 and Standards Rule 2 by tendering an appraisal report that, when considered in its entirety, showed a lack of competency to perform the appraisal assignment, by leaving out significant information in the subject section of the appraisal and by incorrectly making adjustments in the sales comparison approach. Respondent

agreed to pay a civil penalty of \$1,500 immediately upon executing this consent order and agreed to take a 30-hour Procedures Course with a passing exam score, a 15-hour USPAP course with a passing exam score, a 15-hour Cost Approach course, and a 30 hour Single Family Case Study with passing score. These courses may only contribute up to 21 hours in continuing education credits. These courses must be completed within 6 months of the execution of this consent order.

Tracey Partain – signed Consent Order agreeing that she violated Tenn. Code Ann. § 62-39-103(a) by performing Tennessee appraisal assignments without first becoming a registered trainee or being licensed or certified in Tennessee. Respondent agreed to pay a civil penalty of \$500 and cease and desist activities of preparing appraisals and/or soliciting appraisal assignments without an active license issued by the Tennessee Real Estate Appraiser Commission.

Billy Phillips – signed Consent Order agreeing that he violated USPAP Rules 1-4(a) and 2-2(b) by not adequately reconciling the cost approach and the sales comparison approach and violated Rule 1255-1-.13 of the Rules of the Tennessee Real Estate Appraiser Commission by failing to properly supervise his trainee. Respondent agreed to pay a civil penalty of \$500; take a fifteen (15) hour Cost Approach course with an exam; and take a seven (7) hour Supporting Adjustments course. These courses will count toward Respondent's continuing education credits and must be taken within three (3) months from execution of this consent order.

Monica Corley - signed Consent Order agreeing that she violated Uniform Standards of Professional Appraisal Practice Ethics Provision by creating a misleading appraisal by not analyzing the current sales contract or the listing history and by sending the appraisal twice, each with a different contract price and not addressing that price change in the report. Respondent agreed to pay a civil penalty of \$1,000 immediately upon executing this consent order.

Vote: Mr. Woodford made the motion to approve the consent orders. Mr. Phillips seconded the motion. The motion carried unopposed.

1. L07-APP-RBS-2007087471
Mr. Wade is the Reviewer

This complaint was filed by a consumer who alleged the Respondent over-valued her residential property in 2005, which resulted in her mortgage being more than the value of the home.

Respondent stated in his response that the appraisal was not a "drive-by" appraisal, the interior floor plan is included in the appraisal. He stated that he does not believe that the value opinion is "over-inflated" and that he had good data to support his opinion. He further stated there is market evidence that values in the neighborhood may be declining.

Prior Complaint / Disciplinary History: 2004018388 (Dismissed)

Recommendation and reasoning: Authorize a Letter of Instruction containing the following information: The adjustments in the sales comparison approach for site, square footage and condition had no corresponding summarization of what property characteristics the adjustments

were made to account for and how the adjustments were developed {Standard Rule 2-2 (viii)}. The reconciliation did not summarize how the final value opinion was developed {Standard Rule 2-2 (viii)}. The cost approach was deemed not applicable for a ten year old residential property {Standard Rule 1-1 (a) and 1-4 (b)}. While this approach may not be necessary in this assignment, it would seem an applicable approach to value, as was evident in another appraisal assignment conducted on this subject property by another appraiser. This may be an indication the appraiser lacks some understanding of Standard 1 of USPAP which pertains to development of a real property appraisal.

Vote: Mr. Phillips made the motion to accept the recommendation. Mr. Headden seconded the motion. The motion carried unopposed.

2. L07-APP-RBS-2007086711
Mr. Phillips is the Reviewer

The Complainant, a consumer, alleged that the Respondent under-valued their residential property which resulted in the sales contract "falling through". Further, the Complainant stated the comparables used were on a different lake and the Respondent misreported the distances of these comparables.

The Respondent stated in his response letter that the Complainants were disappointed in the value opinion; however, his appraisal was accepted by the lender. An appraisal of the subject property prepared by another appraiser indicating a higher value opinion was rejected by the lender.

Prior Complaint / Disciplinary History: None

Recommendation and reasoning: Authorize a letter of warning. Upon reviewing the appraisal and extensive data from the Respondent's work file, it is apparent that adequate time was spent inspecting the subject and performing research. The work file included approximately nine sales and nine listings. It appeared that there were limited current market sales with frontage on the same lake as the subject. Based on this condition, the Respondent included sales with frontage on another lake, approximately 20 miles west of the subject. The appraiser included three sales and two listing in his report; all sales are located in Tennessee. From the data submitted, it appears the value is supported.

The other appraisal with a higher value presented five sales of which one sale appeared to have lake frontage. In addition, two of the sales are located in another state approximately 20 miles east of the subject.

The Respondent reported the property was listed and on the date of his appraisal the property was under contract. As required by Standards Rule 1-5 (a), the appraiser did not analyze the agreement of sale. The sales contract included a financial contingency which stated, the agreement is conditioned upon Buyer's ability to obtain a loan in the principal amount of 100% of the purchase price. In addition, numerous personal items are included in the sales price which should be addressed.

Vote: Mr. Headden made the motion to accept the recommendation. Mr. Wade seconded the motion. The motion carried unopposed.

3. L07-APP-RBS-2007086781
Mr. Phillips is the Reviewer

The Complainant, a consumer, alleged that the Respondent appraised their residential property in an unprofessional manner by stating to them during the inspection that the fact that their home is backed up to a golf course could devalue their home and that other features of their home did not contribute to value. Further, the Complainant stated the Respondent under-valued their home and used inappropriate comparables.

The Respondent stated in his response letter that he only told the homeowners that he had a friend who lived on a golf course that got tired of golf balls breaking his windows. He stated that he never said that golf courses devalued homes. In addition, he stated that the home was listed for \$379,900 and then the asking price was lowered to \$319,900 and it did not sell at either list price. He stated that at the time of the appraisal the property was listed for sale by owner. The Respondent stated that Comparable 1 also backs up to a golf course and the other sales are located in the same area. He stated that he told the homeowner that the type of foundation did not add to the value of their home.

Prior Complaint / Disciplinary History: None

Recommendation and reasoning: The appraisal indicated no substantial USPAP violations, therefore I recommend dismissal. Upon reviewing the appraisal and the market sales presented, it appears the value is reasonably supported. The sales are relatively current and located in reasonable proximity of the subject and the reported value is bracketed.

Vote: Mr. Headden made the motion to accept the recommendation. Dr. Barylka seconded the motion. The motion carried unopposed.

4. L07-APP-RBS-2007073221
Mr. Wade is the Reviewer

This Complaint was filed by TREAC and alleged the Respondent failed to support adjustments, failed to reconcile value indications, committed errors of omission or commission that significantly affected the appraisal report, failed to reconcile use of a hypothetical condition/extraordinary assumption (i.e.: public water source) in a vacant land appraisal. Additionally, in a second residential appraisal it was alleged the Respondent failed to support adjustments, failed to reconcile value indications, and committed errors of omission or commission that significantly affected the appraisal report.

The Respondent stated in his response letter for both appraisals he was working under the advice of his sponsor (a complaint against this sponsor had previously been filed). The Respondent stated the appraisal was completed "as is" and no hypothetical condition and that it was developed in a summary format to be appropriate for the intended use and intended user. He stated they have found six typos and one error on the other report, but that it did not affect the value result. He

stated both appraisals were completed appropriate to the scope of work parameters and that the client was a well-informed market participant with knowledge of the assets as well as some of the comparables utilized.

Prior Complaint / Disciplinary History: None

Recommendation and reasoning: Recommend closing this complaint. As part of the consent order signed Respondent's sponsor and approved by the Commission, two additional appraisals by Respondent were reviewed and no violations were discovered.

Vote: Mr. Phillips made the motion to accept the recommendation. Mr. Headden seconded the motion. The motion carried unopposed.

5. **L07-APP-RBS-2007083881**
Mr. Headden is the Reviewer

This complaint was filed anonymously with allegations of failing to report the prior transfers, using a listing as the third comparable, using inappropriate comparables from a historic district of town, and reporting the subject to be a single family residence when the property may be a bed and breakfast.

The Respondent stated in her response that the appraisal was done in 2006 and, according to court records; there had been no transfers of the property in the prior three years but numerous refinancing. She stated the third comparable was used at the request of the lender due to the lack of sales of comparables. She further states that the comparables were from nearby, competitive areas. She states upon inspection, the owner did not indicate that the property was being used for anything other than a single-family residence and there was no indication of this occurring; the building was converted to a bed and breakfast after the appraisal was done.

L07-APP-RBS-2008000661

This complaint was filed anonymously with allegations of over-valuing a residence and failing to report neighborhood characteristics.

No response has been received yet; however, the Respondent would like to discuss this complaint at next week's informal conference.

Prior Complaint / Disciplinary History: 2007068161 (Consent Order); 2007083881 (open); 2008000661 (open)

Recommendation and reasoning: An informal conference was held with the Respondent to discuss the above two complaints. Mr. Headden recommended a consent order be approved which would include a \$3,000 civil penalty and a thirty (30) hour Report Writing Course (case study) to be completed within three (3) months of executing this consent order. In addition, the Respondent would be on a six (6) month probationary period in which the Respondent must have another appraiser review and sign all of her appraisal reports. This probation would begin 30 days

after acceptance of the consent order. The above recommendation is due to violations of Uniform Standards of Professional Appraisal Practice (USPAP) including:

1. The Competency Rule, in failing to have the experience and knowledge necessary in the appraising of a historic home/bed and breakfast prior to engaging in the assignment;
2. Violation of Standard Rule 1-1 (a) by failing to correctly employ recognized methods and techniques to produce a credible appraiser in the appraisal of a historic home/bed and breakfast and also in the appraisal of a single family residence by not correctly employing the sales comparison approach to value and the cost approach to value;
3. Violation of Standard Rule 1-2 (e) by failing to identify characteristics of the property that are relevant to the type and definition of value by failing to describe the condition of the subject properties and its conformity in relation to the neighborhood;
4. Violations of Standard Rule 1-3 (a) and (b) because the Respondent did not analyze the reasonably probable physical adaptability of the real estate and develop an opinion of the highest and best use based on the relevant legal, physical, and economic factors to the extent necessary to support the appraiser's highest and best use conclusion in the appraisal of a history home/bed and breakfast.
5. Violations of Standard Rule 1-4 (a) and (b) by failing to analyze comparables sales data and cost approach data necessary to develop a credible value conclusion. In the appraisal of a historic home and a single family residence property characteristics of the comparables were not analyzed to support adjustments made and adjusted value indications were not reconciled. Cost figures used in these two appraisals were not obtained from the source cited and the cost approach did not include a supported estimate of the accrued depreciation to the property.
6. Violations of Standard Rule 2-1 (a) and (b) by failing to clearly and accurately set forth the appraisal in a manner that will not be misleading and failing to contain sufficient information to enable the intended users of the appraisal to understand the report properly. This Rule was violated by failing to summarize the highest and best use analysis in the appraisal of a historic home, by failing to describe the condition of the subject properties in a historic home and in a single family residence, by failing support adjustments made in the sales comparison approach, by failing to analyze a recent sale of a comparable used in the appraisal of a historic home, and by misreporting the source of cost data.
7. Violations of Standard Rule 2-2 (b), (viii) by failing to summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions. This Rule was violated by failing to summarize the highest and best use analysis in the appraisal of a historic home, by failing to describe the condition of the subject properties in a historic home and in a single family residence, by failing support adjustments made in the sales comparison approach, by failing to analyze a recent sale of a comparable used in the appraisal of a historic home, by misreporting the source of cost data, and by failing to reconcile value conclusions in the appraisal report.

Vote: Mr. Bullington made the motion to accept the recommendation. Mr. Woodford seconded the motion. Mr. Wade recused from vote. The motion carried unopposed.

6. L07-APP-RBS-2007081801 and 2007081802 (2 respondents)
Mr. Bullington is the Reviewer

This complaint was filed by TREAC with allegations of representing a registered trainee as a licensed appraiser on appraisal reports, failure to identify exposure time in a market value appraisal, failure to source the definition of value, failure to analyze sales history of the subject property, failure to report the highest and best use analysis in the appraisal report, failure to analyze sales data, failure to analyze income data, failure to reconcile value indications, including misleading information in appraisal reports, failure to reconcile depreciation indications, failure to comply with the Competency Rule of USPAP, and failure to supervise a trainee in the performance of an appraisal assignment due to appraisal submitted during the experience approval process for upgrade by the trainee.

The Respondent 2 stated in his response letter that they don't understand the allegations and would like the Commission to elaborate further on the nature of these allegations.

Prior Complaint / Disciplinary History: Respondent 1 – 200312923 (Dismissed)
Respondent 2 - None

Recommendation and reasoning: An informal conference was held with the Respondents to discuss the above complaint and discuss the violations found in the appraisals included in the complaint. Mr. Bullington recommended a consent order be approved which would include a civil penalty of \$1,500 for the supervisor for failure to directly supervise {1255-1-.13 (10) (c)} the appraisals completed by his trainee and a \$1,000 civil penalty for the registered trainee for identifying herself as a licensed appraiser on six appraisals which is a violation of T.C.A. 62-39-324 and 1255-1-.13 (9). In addition, both Respondents would be required to complete:

1. A thirty (30) hour Sales Comparison and Cost Approach course with successful completion of the examination;
2. A forty-five (45) hour course in Reporting Writing with successful completion of the examination;
3. An Income Approach course which must be at least fifteen (15) hours in length and would include successful completion of an examination;
4. And, a seven (7) hour Uniform Standards of Professional Appraisal Practice Update course (USPAP).

These courses would be required to be completed prior to December 31, 2008 and would be allowed to count towards the Respondents continuing education. The above recommendation is due to violations of Uniform Standards of Professional Appraisal Practice (USPAP); most notably the Competency Rule, and Standard Rules 1 and 2. Specific violations of USPAP for the multiple appraised properties outlined in the complaint to be included in a consent order sent to the Respondents.

Vote: Mr. Wade made the motion to accept recommendation and Mr. Phillips seconded the motion. The motion carried unopposed.

Being no further business, the meeting was adjourned at 1:40 p.m.

Nikole Avers, Administrative Director

William R. Flowers, Jr., Chairman